

## PART III: STUDY FINDINGS

The principal findings of the Assessment are presented below, followed by explanations and quotes from the surveys and in-depth interviews. Appendix D on methodology provides a break-down of survey and interview respondents by USAID, PVOs and NGOs. In total, the study drew upon 177 USAID and PVO survey responses, and 136 in-depth interviews with USAID, PVO and NGO staff.

As noted in the Introduction, the survey data provide a broad view of the partnership derived from a short list of questions. The more detailed in-depth interviews, which averaged one and one-half hours in length, elicited diverse individual perspectives and provide more qualitative data on implementation of USAID policies and procedures and suggestions for improving the partnership.

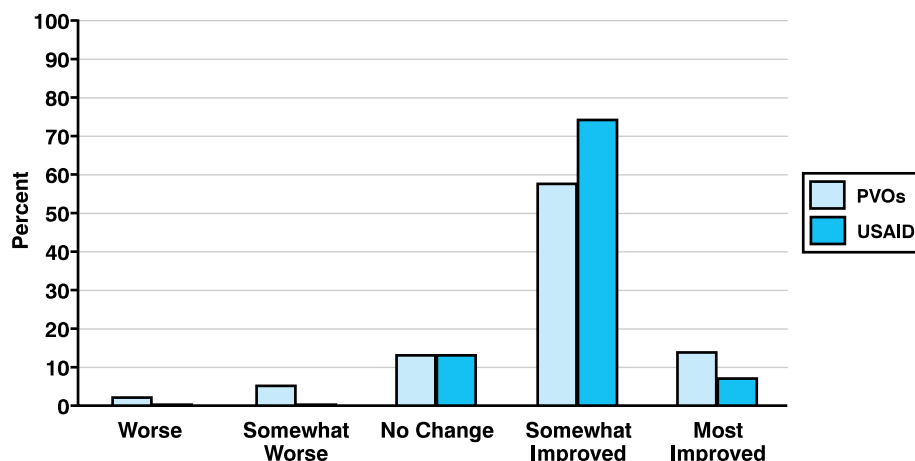
### A. OVERALL ASSESSMENT

**Key Findings: The overwhelming majority of USAID and PVO survey respondents and participants in in-depth interviews affirmed that the USAID/PVO Partnership is stronger today than it was only a few years ago.**

#### Survey Responses

The surveys sent to all USAID Missions and registered PVOs asked, “Overall, how would you characterize the state of the USAID/PVO relationship today, as compared with four years ago?” The chart below indicates that the majority of both PVO and USAID respondents see a stronger relationship: 78% of PVO respondents and 86% of USAID.

**Aggregate Survey Responses Regarding USAID-PVO Relationship**



*The findings reflect the fact that it is easier to communicate within one agency than across more than 400 PVOs.*

### **In-Depth Interviews**

During the in-depth interviews, the great majority of respondents also described the USAID/PVO relationship as stronger today. PVO and USAID staff often assigned this improvement to the same causes, citing most frequently: Brian Atwood's leadership, increased USAID/PVO interaction and consultation leading to shared development goals and approaches, and the need to collaborate more effectively in a constrained resource environment.

### **B. AWARENESS OF REFORMS AND CHANGES AFFECTING THE PARTNERSHIP**

**Key Findings: USAID staff are generally knowledgeable about the many recent USAID reforms and changes affecting the Agency's relationship with PVOs. The PVO community, particularly in the field, is less aware of these reforms.**

Part II of this Assessment and the Annotated Bibliography in Appendix C summarize many of USAID's impressive efforts to improve the USAID/PVO partnership. USAID and PVO awareness of these policy and procedural changes is a prerequisite for uniform implementation, for collegial interaction based on mutual understanding, for determining training needs vis-à-vis new policies and practices,

and for directing future efforts to strengthen the partnership.

### **Survey Responses**

The survey asked respondents about their awareness of ten significant policy and operational changes: increased consultation, more flexible cost-sharing policy, guidance on "substantial involvement" for cooperative agreements, simplified approvals for international travel, streamlined registration requirements, audit needs, access to program and procurement information (e.g., through postings on the Internet), procurement reforms, special fora for consultations, and the New Partnerships Initiative.

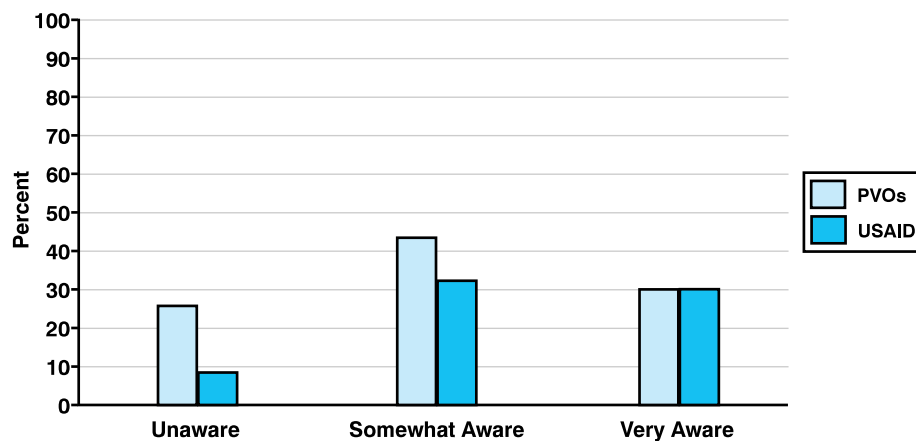
The summary results are displayed in the following graph and reflect the fact that it is easier to communicate within one agency than across more than 400 PVOs. USAID staff are more aware of the changes than the PVO community, notwithstanding substantial efforts to disseminate USAID's policy and operational changes to the PVO community at large.<sup>5</sup>

### **In-Depth Interviews**

Although the interview questionnaire did not query respondents directly on their awareness of USAID's policy and operational changes, the in-depth interviews also generated information on this topic. In general, the study team found that: a) USAID staff, both in Washington and

<sup>5</sup> These have included mailings by the Office of Private and Voluntary Cooperation to all registered PVOs, USAID procurement bulletins on the Internet, and announcements and briefings at various meetings, such as those convened by ACVFA, PVC, the Bureaus for Legislative and Public Affairs and for Management, and InterAction.

### Awareness of USAID Policy and Operational Changes Affecting PVOs



overseas, are very aware of the general changes in USAID's relationship with PVOs, although Mission staff are not always knowledgeable about specifics; b) PVO staff interviewed in the United States were very aware of the changes, referred to them frequently, and on occasion, described how they had informed Mission staff in cases of failure to follow new policies; c) PVO representatives interviewed overseas were somewhat aware of the reforms; and among PVO staff who were less aware, some indicated that their own headquarters, as well as USAID, should do a better job of providing such information to the field; and d) local NGO staff had little knowledge about such changes.

### C. IMPACT OF USAID REFORMS AND CHANGES ON THE PARTNERSHIP

**Key Findings: USAID staff have generally perceived the impact of reforms to be more positive than has the PVO community. More time and training in implementation practices will be necessary before both communities experience more positive impact from these changes.**

#### Survey Responses

The survey asked Missions and PVOs how their organizations had experienced USAID changes in terms of redefined program priorities, geographical/regional priorities, recent emphasis on consultation, streamlined PVO registration, administrative regulation reform (e.g., approval of international travel), reform of procurement processes, and more efficient implementation.

*The great preponderance of USAID, PVO and NGO interviewees also affirmed that they now share a more common development agenda.*

Mission responses indicated that USAID staff experienced positive changes in all reform areas except for U.S. PVO registration. (This was to be expected, since most Mission staff do not deal with U.S. PVO registration.) In contrast, PVOs responded that they experienced less impact from USAID policy or operational changes, except for the simplified registration process, which they considered positive.<sup>6</sup>

### **In-Depth Interviews**

The in-depth interviews also elicited information on the impact of USAID changes. The study team found that a) USAID programmatic changes have resulted in a stronger USAID/PVO relationship; b) changes in USAID regional priorities and country closings have had a mixed impact on the partnership; c) USAID openness and consultation with partners has increased and improved; d) administrative reforms are uneven in application; e) procurement changes have had some positive results, but there are still problems with procurement that undermine the partnership; and f) USAID implementation practices, from consultation to grant management, were mixed. These findings are described in greater detail below:

### **1. Programming Priorities**

**Key Findings: There is strong congruence between USAID and PVOs with**

**regard to development practice. USAID and PVOs now share a more common development agenda, more similar development approaches, and more shared program priorities. However, stronger differences exist between USAID and PVOs with respect to country priorities.**

### **Survey Responses**

The surveys asked USAID Missions and registered PVOs: “Generally speaking, has there been an increase in the past four years in the degree to which USAID and PVOs share a common development agenda?” The following chart demonstrates that both communities answered in the affirmative.

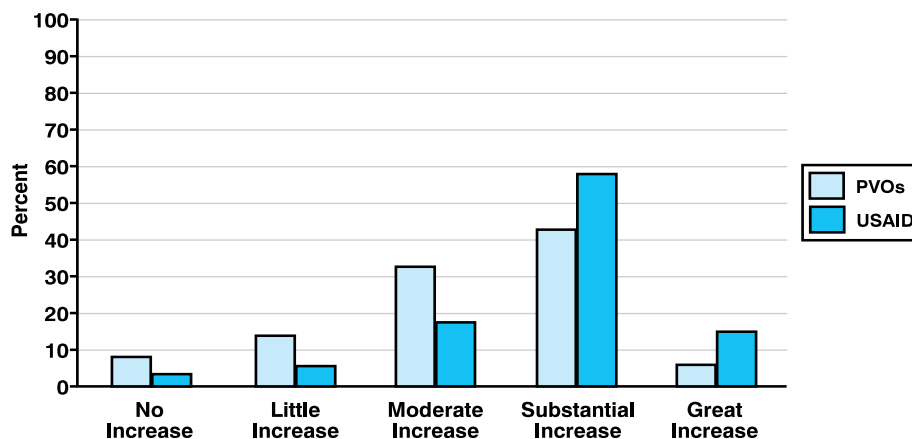
### **In-Depth Interviews**

The great preponderance of USAID, PVO and NGO interviewees also affirmed that they now share a more common development agenda. Interviewees assigned this common agenda to a variety of factors. Among PVO staff interviewed, several cited a joint focus with USAID on NGO strengthening. Others said a more common agenda resulted from more frequent and substantive consultation, including participation on Strategic Objective (SO) teams, as described in the section on consultation below.

Several USAID respondents said collaboration on SO teams contributed to a more

<sup>6</sup> These findings might be interpreted in the following ways: a.) PVO awareness of the reforms is still limited, contributing to a sense of little or no impact; and b.) many of these recent reforms (which were promulgated virtually simultaneously) will require more time, and staff will require more training, before they are fully implemented to positive effect.

### Increased Commonality of Development Agenda



common development agenda, as well. In the words of one Agency interviewee, “USAID considers customer focus to be very important and, as a result, involved grantees in the development of its strategy and to serve on expanded SO teams. This helped to increase a common understanding of issues and to develop solutions.”

Another Mission respondent pointed out that, as a result of funding cutbacks, “we are now working with fewer grantees, [those] who really share the Mission’s objectives.” A few PVOs, while praising the commonality achieved over the past several years, pointed out that “maybe there is even too much of a common agenda.” They saw their PVOs as now being “structured to operate with a USAID orientation, which makes it difficult to open new program areas.”

The interviews inquired how both groups viewed programming priorities expressed in population, health and nutrition, environment, economic growth, democracy, and humanitarian relief efforts, as well as USAID geographical and regional priorities. PVO and USAID interviewees described general agreement on program priorities at the sectoral level, but several PVO representatives interviewed in the United States and in the field expressed frustration over new Mission strategic plans and results packages that prevent cross-sectoral programming.

**At the December 1996 ACVFA quarterly meeting, a PVO panelist described her work with USAID Missions overseas, where she observed a “hardening of the SOs,” preventing Mission support of PVO programs that address multisectoral development problems.**

*The majority of USAID, PVO and NGO survey respondents and interviewees noted significant improvements in consultation and dialogue.*

Several members of the PVO community drew attention to the dangers of what has been termed “stovepiping” of Strategic Objectives. While the New Partnerships Initiative is expected to help provide the context for more program integration, a number of U.S.-based PVO representatives questioned NPI’s prospects for impact. In the words of one PVO representative who had participated in the NPI working group process, “NPI has all the right rhetoric, but no resources to back it up.” Some USAID and other PVO respondents said that they are unclear about the Initiative’s current status and future directions.

USAID and PVO interviewees expressed more divergent views on regional and country priorities. This is not surprising, and relates to USAID decisions on country closeouts. While USAID and PVO interviewees tended to accept these decisions as faits accomplis, there was some dissatisfaction on the part of both PVO and USAID headquarters staff with the criteria and methods by which decisions on Mission closings were reached, as well as the way in which they are being implemented.

Some PVO staff felt that Mission closings and country graduation decisions were being carried out with insufficient regard for the sustainability of existing, but as yet incomplete, programs, including those aimed at strengthening civil society and working with nascent NGOs. For example, a PVO manager of democracy programs pointed out that USAID decisions on close-outs “really affect our relationships with local organizations that

need sustained support. Many of our shared programs are politically risky for our NGO partners.” And at the country level, the interviews uncovered other cases where USAID’s decision to more sharply focus activities resulted in disagreement between USAID and PVOs on how best to allocate scarce resources within a single country.

## **2. Dialogue and Consultation**

**Key Findings: There has been a fundamental, positive change in dialogue and consultation between USAID and PVOs. However, the consultative process is uneven, and USAID sees itself as more open than do its PVO partners. The individuals involved, their openness to substantive exchange, and the time they are able to invest, all determine whether the consultation will be successful.**

The majority of USAID, PVO and NGO survey respondents and interviewees noted significant improvements in consultation and dialogue. Many PVO interviewees in the United States praised USAID for increased opportunities to meet and consult with Agency headquarters staff. These U.S.-based PVO respondents cited many of the consultative meetings in USAID/Washington referenced in Parts I and II above. The in-depth interviews also elicited diverse accounts of consultation in the field, where there are an even greater number and variety of formal and informal fora for information-sharing and consultation between USAID, PVOs, and local NGOs. Many

of these Mission-level consultations are still evolving in form and substance as reengineering takes hold, accounting in part for the variance in interview responses. Some Missions, for example in Asia and Latin America, have a long tradition of consulting with voluntary organizations. Other newer Missions, e.g., in Eastern Europe and the former Soviet Union, are newer and are beginning to establish their own consultative processes.

Lengthy addenda to Mission survey responses, as well as field interviews, underscored how the establishment of USAID Strategic Objective (SO) teams that may include outside partners has created new opportunities for consultation and improved partnerships. Some Missions have made impressive efforts to engage PVO and NGO partners in the lengthy process of setting strategic directions and are forming expanded SO teams to carry out these strategies. Many PVOs cited their participation on SO teams as a major factor in the strengthened partnership, because it provided opportunities to meet regularly with the Mission on the development and implementation of activities. Other Missions have been less collaborative in setting their strategic directions, but now have SO teams that include PVO and NGO partners, allowing these groups to have input into the direction, implementation and evaluation of USAID programs.

### **Survey Responses**

Survey results showed that USAID Missions considered consultation among the highest of priorities for attention over the

coming year, a clear indication that the message from Agency leadership has gotten through to the field. PVO respondents also place relatively high priority on consultation, but somewhat less than the priority they assign to programmatic and operational issues.

### **In-Depth Interviews**

Interviewees described how USAID/PVO consultation and dialogue has greatly improved in both qualitative and quantitative terms, but many PVO representatives said these improvements have been uneven, both within USAID/Washington and in the field. PVO headquarters staff suggested that meetings with USAID leadership and “small task-oriented fora are best,” and they praised a number of specific consultations. One PVO interviewee praised the Joint PVO/USAID Task Force process of 1993 and noted that “many PVO suggestions were adopted as a result.” Others praised consultations on the New Partnerships Initiative, work with the Office of Private and Voluntary Cooperation and the Office of Procurement Policy, and meetings with USAID representatives convened by InterAction.

In the field, both USAID and PVO interviewees voiced a high level of satisfaction with USAID/PVO dialogue, although in a number of instances, respondents expressed differing perceptions of what constitutes consultation. In several Missions, for example, USAID staff described periodic PVO fora, such as annual partners meetings or monthly roundtables with the Ambassador and Mission staff, as consultations with PVOs.

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***Interviews with USAID staff uncovered concerns that partner consultation could skew an anticipated procurement action.***

The same PVO partners, however, stated that while they found such fora informative and useful for networking or meeting Government ministry representatives and other donors, they did not consider these events to be opportunities for true consultation with the USAID Mission. Rather, they preferred smaller, less formal meetings than those identified by Mission staff as “consultations.”

USAID staff in the field tended to believe that they had developed their strategic plans with greater input from partners than those partners believed they had had in the process. Some PVO and NGO interviewees described instances where they were invited to comment on or contribute to draft documents, but where they believed most issues under discussion were non-negotiable. Other PVOs felt that they were equal partners in the strategic planning process. In one Mission visited, PVO consultations on the Mission's strategic plan directly led to the inclusion of capacity building as a prominent component in one of the Mission's SOs. Still other PVOs and NGOs interviewed in the field explained that, while they had limited impact on Strategic Objectives, they are now increasingly engaged in consultation on results indicators.

Suggesting a need for clearer policy guidance related to reengineering, interviews with USAID staff uncovered concerns that partner consultation could skew an anticipated procurement action. In one Mission where interviews occurred, senior management of an operating unit have counselled staff not to include PVO

partners on core Strategic Objective teams because of procurement integrity concerns. In another Mission, an interviewee lamented that “the situation has deteriorated. Rules and regulations regarding competition restrict the interaction and involvement of both PVOs and NGOs in project design, strategy discussions, etc. These are important roles for partners.” Some PVO interviewees explained that they avoid certain consultations for fear that they would be characterized as having an unfair advantage in an upcoming competition.

Not surprisingly, time is one of the most significant constraints on USAID staff willingness to consult with PVOs and NGOs. Several USAID interviewees, particularly in Missions with regional responsibilities, explained that staff cutbacks, heavy workloads, and tight deadlines (e.g., for strategy development, an area where USAID has raised partner expectations about participation) preclude more consultation. Several Agency staff predicted that, regardless of reengineering, the situation will likely worsen if downsizing continues.

One USAID respondent suggested that PVOs themselves “could take the initiative and organize events. But they never seem to do so.” Interviewees in another Mission proposed specific steps PVOs could take to improve consultation: “Be more proactive in making USAID a partner... Encourage USAID staff to attend their [PVOs'] own strategy meetings... More strongly encourage USAID staff to visit project sites.”



Some PVO representatives acknowledged that, in a partnership, consultation is a shared responsibility. For example, one PVO representative stated, “We have never been denied a meeting, so consultation is also our responsibility.” In response to the final interview question asking what PVOs could do to improve the partnership, several responded “we should reach out more to USAID” and “be more assertive.”

### 3. Development Education

**Key findings: All USAID and PVO respondents agree that educating the U.S. public about sustainable development and foreign assistance is of critical importance. Most respondents assign primary responsibility for development education to others.**

The USAID and PVO surveys did not broach this topic. While the in-depth interviews did include questions about development education and outreach, interview respondents were not inclined to discuss it at length. While not surprising, this is a notable gap, given the public debate on the need to continue foreign assistance in the aftermath of the Cold War, and the importance of public support for both the PVO community and USAID.

Those interviewees who discussed education and outreach to the U.S. public all agreed with the need for such efforts, but the study team noted a tendency on the part of most respondents to assign primary responsibility for development education to others, i.e., USAID staff fre-

quently said that PVOs should do more in this regard, and PVO interviewees often leveled criticism at the President for his “silence” on international development cooperation.

Some PVOs were aware of the USAID Biden-Pell Development Education Grants Program in PVC, which has been capped by Congress at a \$750,000 annual level, and of the “Lessons Without Borders” initiative of the Bureau for Legislative and Public Affairs. PVO comments about ongoing education and outreach included reference to InterAction’s Alliance for a Global Community (funded under the Biden-Pell program), organizational practices regarding media placement of staff and volunteers, and newsletters and fundraising materials. Several other PVOs said that they should, or were planning to, do more outreach and education.

### 4. USAID Reengineering

**Key findings: USAID reengineering is not well understood by many PVOs. Three of USAID reengineering’s four core values, i.e., customer focus, teamwork, and empowerment and accountability, strengthen the USAID/PVO partnership. However, reengineering’s results orientation, despite its many benefits, has also caused irritants in the partnership, particularly with regard to selection and management of procurement instruments. Some PVOs believe USAID’s new results orientation risks sacrificing longer-term institutional goals for short term “success stories.”**

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Not surprisingly, PVOs have been less involved and informed than USAID staff as the Agency has gone through an intense and introspective look at its administrative systems. PVO understanding of reengineering terms, objectives and procedural changes is lower than among USAID staff. In the survey, 62% of PVO respondents felt that USAID changes aimed at "more efficient implementation" had no impact on their organization.

### **In-Depth Interviews**

In the in-depth interviews, it became clear that within and across both communities, individuals understand reengineering in different ways and have varying levels of confidence in its impact on both USAID and the USAID/PVO partnership. In response to the question, "What does USAID reengineering mean to your organization?" PVO responses ranged from "nothing" and "tinkering around the edges," to "re-organizing, right-sizing, and being more efficient," "making USAID more user-friendly" and "attaining sustainability; getting results." Few PVOs appeared to understand the connection between reengineering and the increased USAID/PVO consultation that they cited so favorably, nor reengineering's connection with increased opportunities for participation and teamwork with USAID, for example on SO teams.

Because reengineering is a complex process, rather than a set of discrete activities, USAID staff also described reengineering in diverse ways and expressed different perceptions and

misperceptions. Even within one small Mission, responses to the question "What does reengineering mean to you?" varied. Some staff characterized it as "more customer service, which works especially well here because it is essential for conforming to the sensitivity of local organizations vis-à-vis dominance by the United States," and noted that "there have been benefits, slim though they might be when you consider the problems of the NMS, [the Agency's automated New Management System] in the area of reaching out to customers—not just PVO partners, but actual recipients." Another respondent in the same Mission said they "shouldn't be burdened with the whole reengineering process that full Missions are going through." Staff in a Mission that had been a USAID reengineering Country Experimental Laboratory were uniformly positive, and defined reengineering as "using your brain; a way of thinking about issues for results; it verifies that we can think in terms of solutions" and "a more efficient way of doing business with scarce resources."

Neither USAID nor PVO or NGO interviewees questioned the value of a results orientation. Many cited benefits to the partnership, such as helping to clarify intentions and provide the basis for collaborative programs. One PVO respondent, for example, characterized reengineering as a "deliberate articulation of what USAID is and is trying to do and then putting concrete indicators in place to measure concrete results." And in contrast to the survey data referenced above, some PVOs said that USAID

reengineering helped improve their own effectiveness.

Yet many PVO interviewees in the United States and the field criticized USAID staff interpretation and application of the results orientation. While acknowledging Congressional scrutiny and significant budget cuts, these PVO representatives pointed to negative consequences of the results orientation for the partnership in two key areas a) appropriate selection of program strategies and indicators within the context of long-term development; and b) the belief held by many USAID staff that grants and cooperative agreements do not lend themselves to the achievement of results, (or at least as staff perceive such results to be determined by USAID in the annual Results Review and Resource Request [R4] process).

Several PVO interviewees questioned the adoption of unrealistic or inappropriate USAID indicators, an “overenthusiasm for easily measurable results,” and short time frames for achieving results that were contradictory to longer-term goals of building civil society and strengthening local institutions. Many PVO comments echoed the sense of one respondent that “the pendulum has swung too far to quantitative impact, inappropriate time frames, and inappropriate indicators. There’s a need for more capacity building.” Some PVOs also felt that the results orientation forces Missions to put programs into tidy boxes, which mitigates against more creative, cross-sectoral programs. As one PVO put it, “There are no resources to fit all the pieces together. It’s

all fragments; too little glue.” The emphasis on fitting activities into sectoral “boxes” also adversely affects PVOs that implement regional programs.

USAID staff, on the other hand, believe they are being judged and evaluated on the extent to which they achieve results in the short-term. Many USAID interviewees believe there is a tension between achievement of such results, and being expected to work with PVO and NGO partners in the hands-off relationship implied in assistance instruments. As one Mission added to their survey response, “The challenge for the future is to see how USAID/PVO relationships can be fostered while, at the same time, meeting the needs of management contracts and Strategic Objectives, for which the Missions are held accountable.”

The Assessment has determined that many USAID staff assume that, in order to achieve results, they must use contracts or adopt contract-like program management behaviors. USAID/Washington interviewees in two different geographical bureaus summed up the comments made in several Missions, stating, “With USAID reengineering, you can’t manage cooperative agreements the same way. You have to meet short-term benchmarks,” and “[reengineering] means to Missions that they have to focus undivided attention on results, and in the midst of budget/staff cutbacks, it’s harder to achieve results. In this context, it’s more difficult to give money to PVOs to do their own thing. Everything must feed directly into the R4 management contract.”

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Several Missions appended written comments about the results orientation and procurement instruments to their survey responses. For example: “Many of the burdensome grant requirements of the past have been lifted, and Missions have been clearly directed to treat grants as grants and not contracts. At the same time, the need to show results makes it more difficult in some cases to work within the grant mechanisms most commonly used to support PVOs. In the push for annually quantifiable impact, a Mission can be discouraged from employing a grant or cooperative agreement mechanism for Strategic Objective program implementation.” As a result, many

USAID interviewees voiced a preference for contracts over cooperative agreements, and for cooperative agreements over grants.

To ascertain whether apparent USAID staff preferences have led to greater use of contracts overall, the study team examined USAID procurement records from FY 1992 through FY 1996. The data provided by the Office of Procurement in the following table show that such a trend does not exist. However, given the preponderance of USAID staff comments about a need to use contracts to achieve results, trends in the use of procurement instruments should be closely monitored.

### Trends in USAID Use of Funding Instruments<sup>7</sup>

Instrument	FY 92	FY93	FY94	FY95	FY96
<b>\$ Assistance</b>	\$1,638,891,821	\$1,988,153,999	\$2,188,795,771	\$2,044,094,942	\$1,461,725,185
<b>% Assistance</b>	53.9%	49.1%	53.0%	55.5%	55.9%
<b>\$ Contracts</b>	\$1,291,799,933	\$1,975,666,284	\$1,852,527,095	\$1,579,980,085	\$1,110,548,102
<b>% Contracts</b>	42.5%	48.8%	44.9%	42.9%	42.5%
<b>\$ Other</b>	\$ 108,414,852	\$ 82,803,373	\$ 88,878,528	\$ 61,588,822	\$ 42,433,852
<b>% Other</b>	3.6%	2.0%	2.2%	1.7%	1.6%

<sup>7</sup> The numbers presented are aggregate “Total Estimated Cost” (TEC) amounts of all USAID procurement awards issued in each fiscal year. Assistance Instruments are grants and cooperative agreements; “Other” represents USAID procurement agreements with other Federal agencies. The TEC of a procurement instrument (grant, cooperative agreement, or contract) is the face amount of the award and represents the legal commitment of USAID to a recipient. For example, in FY 1994, USAID awards a five-year cooperative agreement to a PVO in the amount of \$1 million. The \$1 million is the Total Estimated Cost of the cooperative agreement and the legal commitment by USAID to the PVO. Based on that legal commitment (cooperative agreement), funds are provided (obligated) each year (in this case, \$200,000 per year) to carry out the program.

## 5. Procurement Reform

**Key Findings:** Despite the laudable procurement reforms initiated by USAID in Washington, the positive impact of many of these reforms has yet to be fully institutionalized. Implementation of these reforms throughout USAID is uneven. USAID staff request more training in new procurement practices and policies.

### Survey Responses

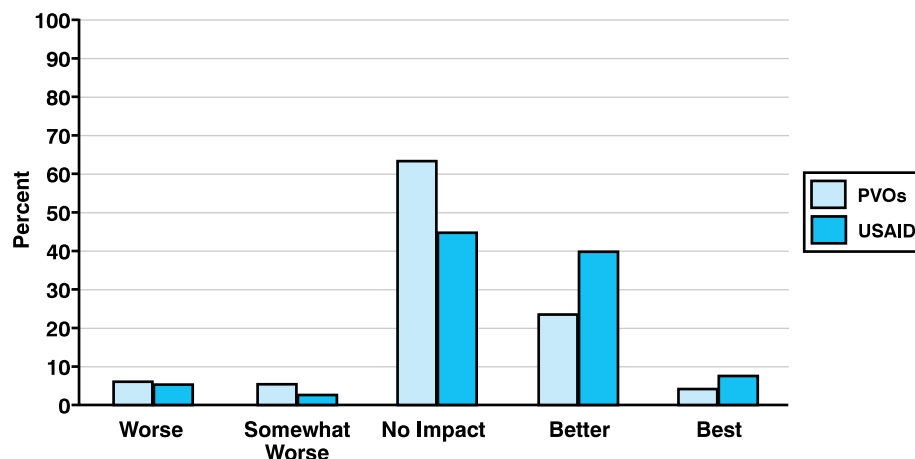
The chart below profiles the views of USAID and PVO survey respondents regarding the impact of procurement reform. Clearly, the majority of PVO respondents do not see an impact of procurement reform on their own organizations. USAID respondents have a somewhat more positive view, although a plurality still believe that procurement reform has had no impact.

For example, one Mission wrote in an appended statement to the USAID survey that the reduction in the Mission Director's authority to sign grants from \$5 million formerly to a current level of \$100,000 has created more work for already overburdened contract officers, "and doubled the average grant negotiation time. It is our experience that, since the delegation of authority was reduced, the process of awarding grants is slow and involves demands by contract officers for extremely detailed cost and other information from the PVOs that contributes little to the quality of the grant and amounts to second-guessing USAID technical staff who reviewed the PVO proposals." Other Mission staff interviewed in the field repeated this concern.

### In-Depth Interviews

PVO interviewees acknowledged USAID's attempts to deal with procure-

**Impact of Procurement Reform**



*PVO interviewees acknowledged USAID's attempts to deal with procurement simplification, efficiency of process and practice, and consistency...*

ment simplification, efficiency of process and practice, and consistency, although many questioned the extent to which procurement reforms have been successfully implemented. Comments from several PVOs echoed the statement by one PVO representative that, notwithstanding problems, “the regulations themselves have been somewhat simplified and there has been a genuine USAID effort to simplify the process.” PVO interviewees welcomed the 1995 policy guidelines for award of assistance instruments, and appreciate the establishment of the Office of the Procurement Ombudsman. Some PVOs interviewed in the field cited instances where it is now easier to hire consultants, procure equipment, follow their own personnel policies, and undertake travel.

Acknowledging mutual benefits from procurement reform, one Mission staffer said that “elimination of travel clearances, salary histories, trip reports, etc. have lightened the workload for USAID and the PVOs.” Other USAID Mission interviewees took a dim view of progress on these recent reforms, saying little in the way of true procurement reform had occurred. Rather, “the whole procurement process has become more stringent, complicated and demanding for both grants and cooperative agreements.” And pointing to the reluctance of some PVOs to abandon past practices, some USAID staff cited instances where PVOs specifically requested unnecessary written approvals and other types of micromanagement, fearing problems if they were audited.

Several PVO respondents remarked that there remains divergence between rhetoric and practice, USAID/Washington and the field, and USAID program and contract staff. With regard to the latter, PVOs spoke of variation by and within Missions on how to award and implement grants and cooperative agreements. One U.S.-based PVO representative explained, “USAID’s development approach has evolved faster than procurement practices. RFAs read like they come from separate institutions. In one example, an RFA talks in the first part about participatory development processes, but all attachments speak of top-down control.” Several PVOs and NGOs interviewed in the field stated that they have received different answers to the same question posed to different mission staff. When asked about this inconsistency, procurement staff in both USAID/Washington and the field acknowledged the problem and stressed the imperative of more training and of improved systems to inculcate and support implementation of the many reforms that have been promulgated.

In addition to knowledge and systems, however, PVOs and Agency staff alike indicated that the “personality” factor has considerable impact on the success of procurement reform. PVO and USAID interviewees suggested that the amount of control exercised in grant management is as much a factor of individual personalities as it is of interpretation of substantial involvement or the results orientation. One Mission interviewee stated, for example, “On paper, the procurement changes made are very good, like the Of-

Office of Procurement’s Customer Service Plan, the PVO Policy Paper, the Principles for Assistance Instruments, etc. But all are entirely dependent upon the personnel working on them. Policies can be great, but if people implementing them are not competent or are too conservative, they don’t work.” In describing one Mission as the “worst example of preoccupation with control, to the extent of insisting on approval of a luncheon menu,” a PVO respondent explained this was “a reflection of the individual” and added that cooperative agreements are now simpler across the board, “provided they’re carried out as cooperative agreements.”

The great majority of USAID interviewees said they understand the distinctions among grants, cooperative agreements, and contracts; and they are relatively well versed in the new guidelines regarding appropriate USAID “substantial involvement” under cooperative agreements. Some USAID and PVO staff were aware of management behavior inconsistent with substantial involvement, and cited examples of grants and cooperative agreements being managed in the same way as contracts. As referenced above, some USAID staff described the conflicts they perceive between the Agency’s results orientation and their inability adequately to “manage” grants and cooperative agreements.<sup>8</sup>

USAID program staff also provided examples of procurement delays and what they considered to be inconsistent applications of the rules by USAID procurement officers. One Mission program officer observed that “USAID’s administrative requirements are very bureaucratic, minimizing USAID’s flexibility. Most administrative problems are a subset of USAID’s contracting process, which is out of the Mission’s control.” USAID procurement officers, for their part, also acknowledged that a number of problems persist in making assistance awards to PVOs, which some staff said were due to rules imposed by the Office of Management and Budget. Several procurement officers underscored the need for more training. They explained, “it is very hard to keep up with the large volume of information about all the reengineering changes... Washington puts out lots of information... but with a heavy day-to-day workload, it is tough to keep up with everything.”

## 6. PVO Changes

Key findings: **Both USAID and PVOs believe that private voluntary organizations have grown stronger in the recent past, and both acknowledge USAID’s contributions to these changes. Among the three areas queried in the study, there is consensus between PVOs and USAID that the former have improved in terms of operational and technical capabilities,**

*Several procurement officers underscored the need for more training.*

<sup>8</sup> To address this problem, the Office of Procurement has indicated that it has accorded a high priority to developing models of performance-based assistance instruments.



*Ninety-two percent of PVO survey respondents replied that their organization had grown stronger over the past four years.*

**but that improvements in financial independence have not been as pronounced.**

### **Survey Responses**

Ninety-two percent of PVO survey respondents replied that their organization had grown stronger over the past four years. When asked about improvements in specific areas, 51% cited more financial independence (e.g., more diverse funding sources and less reliance on USAID support); 78% noted increased operational capabilities; and 80% of all PVO respondents noted improved technical capacity. When asked about the PVOs with which they work, 82% of USAID Mission respondents said these organizations had grown stronger, but there was some divergence between Missions and PVOs on specifics, particularly in the area of financial independence. Only 27% of Missions responding to the survey saw improvements in PVO financial independence, 73% in operational capacities, and 68% in technical know-how.

### **In-Depth Interviews**

During the interviews, USAID and PVO staff affirmed PVO organizational improvements in the recent past. Some PVOs made a point of noting that they have undergone a **fundamental change in mission** from being direct service providers to facilitators of local NGO activities. One PVO respondent in the field summarized these changes, for example, “in our focus on technical assistance rather than service delivery, our ability in strategic planning, monitoring and evaluation, and our capability in adolescent ser-

vices. This is a result of the strategy developed four years ago.”

Many PVOs described their own strategic planning and reengineering processes, as well as investments in organizational development. A number of PVO headquarters respondents cited the importance of funding from the Office of Private and Voluntary Cooperation to increase their technical and operational capabilities, in addition to strategic planning and “developing programs for funding by other donors.” Other respondents cited Mission support for PVO capacity building, particularly in the areas of staff training and monitoring and evaluation.

All USAID interviewees agreed that PVOs had become stronger over the past few years. One quote is illustrative: “They are becoming more professional, they have more effective policies, procedures, and personnel policies — and more competitive salaries. They are moving towards more strategic thinking and becoming learning organizations. They are using monitoring as an effective tool for results management (rather than as a chore). The whole field of organizational management and development has improved greatly this decade and has translated into more effective PVOs and NGOs. Participatory approaches have led to more effective development programming.”

## **7. NGO Strengthening**

**Key Findings: There was unanimity on the importance of strengthening local NGOs. While both USAID and PVOs share this view, however, institutional**

### **weaknesses on both sides constrain progress.**

The USAID and PVO surveys did not explicitly address the issue of NGO strengthening. In the in-depth interviews, the issue generated extensive discussion. The most consistent response in all interviews with USAID and PVO staff both in the United States and abroad was the essential importance of strengthening local NGOs, which some characterized as a “strategic issue” in the USAID/PVO partnership. NGOs were seen as crucial to the sustainability of health and family planning, environment, and economic growth programs, and to ensuring a vibrant civil society.

Both USAID and PVOs respondents felt that their local NGO partners had grown stronger operationally and technically during the past four years, recognizing a high degree of variability and the low institutional base across regions and countries. Although hard evidence was not available, USAID and PVO interviewees also perceive that these organizations are vulnerable financially. This was particularly the case in comments about NGOs in newly transitioning societies with little history of an independent third sector and that still suffer from economic stagnation as these countries struggle to transform from state-run to market-led economies.

Respondents’ views differed on the role of U.S. PVOs in strengthening local NGOs and suggested a continuum of practice and experience. Within the USAID and PVO communities, there was

consensus that PVOs had an important role to play in this process, but some respondents pointed out that PVOs that have worked more traditionally in relief than in sustainable development are not as advanced in partnering with local NGOs.

Suggesting PVO comparative advantages in working with NGOs, USAID Mission staff characterized PVOs as having “access to resources NGOs don’t have. They bring a myriad of experience which NGOs can take and adapt,” and “PVOs have a long history of valuable experience. They know the structure and organization of USAID. They know best practices to date, financial accountability, management, etc.” In addition to PVOs having relevant experience on how to organize, implement programs, and raise funds, some USAID staff noted the practical limitations of Agency staff reductions and bureaucratic requirements, which prevented Missions from reaching out and making assistance awards to large numbers of small and inexperienced local organizations.

Several USAID staff interviewed in geographic Bureaus in Washington spoke favorably of the extent to which PVOs are partnering with and strengthening local NGOs, saying that these practices have become more common, that “PVOs have overcome their initial hesitancy to support local NGOs,” and that this have been “a mutual effort with USAID: push and pull.” In the field, Mission staff cited USAID support for successful collaboration between PVOs and NGO coalitions

*Respondents’ views differed on the role of U.S. PVOs in strengthening local NGOs and suggested a continuum of practice and experience.*

*“The Mission continues to look for mechanisms to strengthen NGOs, making them more viable and to sustain their development impact.”*

One Mission appended this description of its work with local NGOs to their survey response: “As the Mission stated in its Strategic Plan for 1997-2002, nongovernmental organizations play an integral role in the mission’s program. There are currently over 200 NGO partners implementing activities in support of the Mission’s strategic objectives. Furthermore, they have participated actively in the development of the Mission’s new strategy.

The important role that NGOs play in the delivery of services is exemplified in the health sector. A USAID-financed network of 40 health NGOs provides basic health services, especially for maternal health and child survival, to almost half a million people living in extreme poverty. A recent study determined that, where this network is operating, the rate of infant deaths and the deaths of women due to pregnancy and child birth complications is significantly lower than the national average. The success of this network is a consequence of the NGOs’ ability to focus efforts in small geographic areas, establish a local presence, and provide more efficient and higher quality level of services.

The Mission continues to look for mechanisms to strengthen NGOs, making them more viable and to sustain their development impact. One mechanism is the use of “umbrella” organizations to broaden NGO participation. These organizations tie smaller, organizationally weak and relatively new NGOs together, creating a more potent and sustainable organization. An example of this mechanism is a newly constituted organization of 18 environmental NGOs who will lobby for stronger environmental legislation....

Other mechanisms include increasing the amount of funding for NGOs from local currency funds managed by the [Government]. Another mechanism that the Mission is now experimenting with in the health sector, is to provide funding to NGOs based on agreed upon fee schedules for specific services....”

and support organizations, identified in Mission strategies as “pivot groups” and “intermediary organizations.”

Other Mission interviewees commented, for example, that “PVOs should coordinate more closely with NGOs. They should have a twinning strategy.” And some Mission staff questioned whether building local capacity represented a zero-sum game for PVOs, pointing out competition between the two communities. “They [PVOs] are key in transferring knowledge and upgrading the capacity of NGOs. However, PVOs may not want to work themselves out of a job.” Others questioned whether U.S. PVOs were the best instrument to strengthen local NGOs, and described Mission programs directly supporting local NGOs, thereby “cutting out the expensive middlemen.”

USAID reengineering also affects efforts to strengthen local NGOs. Commenting on the impact of increased consultation and teamwork on capacity building, a USAID interviewee in a regional Bureau stated that a local NGO, “after working on a Mission SO team, now sees the basis for approving or disapproving grants. They never understood it earlier.” However, one Mission respondent pointed out that developing NGOs is generally a long-term process wherein measuring short-term results can be a challenge. Consequently, that Mission was led to curtail some aspects of its NGO strengthening program, in favor of activities with a shorter-term payoff. PVO comments on the long-term nature of NGO-strengthening are provided below.

In the in-depth interviews with 54 PVOs in the United States and in seven developing and transitioning countries, a majority of respondents described their work in strengthening local NGOs, with frequent references to USAID support for these capacity building activities. Pointing to different attitudes and practices within the U.S. private voluntary community, however, some PVOs said that they “had trouble finding appropriate NGOs to partner with and were not partnering at present.”

Among those with an institutional focus on NGO strengthening, one PVO explained that now, its strongest local offices are “being turned into local NGOs, which facilitates the flow of other donor funds. These are umbrella NGOs, which in turn act as managers, rather than implementers, and identify and support the appropriate local organizations. This is a new strategy of the past one and one-half years, and is premised on an in-country USAID presence to help with identification and design. The plan is for [the PVO] to carry out its activities with the local organization, and to monitor and support the local organization. Other donors can then give money to these NGOs with confidence.” Several PVOs referenced their “indigenization” strategies, with one stating that they “will not leave without a local affiliate to carry on. [We] urge USAID not to phase out programs that strengthen local NGOs.”

When asked what further steps USAID and PVOs should take to strengthen local NGOs, one PVO interviewee summa-

*A majority of PVO respondents described their work in strengthening local NGOs, with frequent references to USAID support for these capacity building activities.*

*Accurate, consistent and transparent data on key features of the USAID/PVO partnership are needed, particularly regarding funding levels and trends.*

alized others' responses: "Better training in human resource development, not only by providing funding, but through USAID staff technical assistance to help local NGOs. Continue the emphasis on monitoring and evaluation, because the feedback from project monitoring is so critical. In order to improve this, indicators should be jointly defined with PVOs that are going to collect and report the data. Provide communications tools for exchange of information and networking among NGOs." Another PVO suggested more experimentation with umbrella grants, and encouraged USAID to "simplify the umbrella mechanism to deal with the realities of small local NGOs."

While many PVO representatives characterized USAID as "very supportive" of their work with local NGO partners<sup>9</sup>, some PVO interviewees urged USAID to "pay more attention to the strategic priority of NGOs." Out of concern that there is little cross-fertilization among regions, one PVO representative encouraged USAID to "foster organizational learning... do cross-country comparisons, and support systematic documentation of what does and doesn't work."

#### **D. Other Challenges**

Key Findings:

##### **■ Accurate, consistent and transparent data on key features of the**

**USAID/PVO partnership are needed, particularly regarding funding levels and trends.**

**■ There is a perception among many PVOs that increasingly, only larger PVOs are successful in working with USAID.**

**■ Greater attention and technical assistance is needed to ensure PVO and NGO program sustainability.**

#### **1. Data Consistency**

While it would be inappropriate to view the magnitude of USAID funding for PVOs as the defining measure of the status of the partnership, levels and trends of USAID support for PVOs are clearly relevant indicators of the evolution of the USAID/PVO relationship. At the same time, the capacity to generate reliable, current data is fully consistent with, and fundamental to, reengineering's emphasis on managing for results, with its concomitant requirement for appropriate indicators both to define desired results and to monitor performance in achieving them.

The need for such data on the USAID/PVO partnership is not new and has always presented a systemic challenge: it extends back to explicit Congressional leg-

<sup>9</sup> Among USAID operating units that have elevated the importance of PVO-NGO collaboration, the Office of Private and Voluntary Cooperation, which is primarily responsible for relations with PVOs, has included an intermediate objective of strengthening PVO-NGO partnerships in its strategic plan. Thus, RFA criteria in PVC's major grants programs now require PVOs to partner with NGOs, and the Office is working with the World Bank on an assessment of NGO capacity building needs and donor mechanisms for capacity building.

isolation formerly mandating specific percentage floors and targets for USAID support of PVOs. At present, in addition to being integral to USAID's ability to manage for results, these data have become essential for tracking progress against USAID's intention to comply with the spirit of Vice President Gore's commitment of increasing the proportion of USAID support for PVOs and NGOs.

Since the days of the Congressional mandate concerning support of PVOs, USAID's Budget Office has taken the lead in generating the data used in discussions with the PVO community and with Congress, drawing on actual and projected data from the annual programming and budget review process. The most recent budget data presented to ACVFA and the PVO community dates to August 1996, despite requests for updated figures.

A second USAID data system, the Contract Information Management System (CIMS) also has collected data on PVO and NGO funding in recent years. Although it contains detailed information on an actual basis by organizational component, funding source, and type of funding instrument, USAID has not utilized the CIMS for purposes of reporting on PVO/NGO funding magnitudes. CIMS data are considerably more detailed than that made available to ACVFA by the Budget Office and have been utilized on pp. 24 and 34 of this Assessment. The CIMS is now being consolidated into USAID's New Management System.

These findings on availability and transparency of data underscore the importance of reaching agreement, without further delay, on a single systematic approach to the collection of data regarding USAID's collaboration with PVOs and NGOs. It is hoped that the New Management System, when fully operational, will offer the unified, timely, and reliable approach that has been lacking.

## **2. USAID Relations with Smaller PVOs**

The PVO survey and interview responses pointed to a perception that, increasingly, only larger PVOs are successful in working with USAID and that the hurdles of gaining entry are high. One PVO survey respondent stated, for example, "USAID needs to reassess its relationship to the PVO community. It is our experience and observation that many PVOs operate exclusively off of USAID funds, have enormous overhead... and have effectively become lobbyists for the status quo." Another respondent said, "We would like to see greater opportunities for smaller organizations without the requirements ... that tend to limit applications to certain organizations that qualify as a result of long-term experience. This is rather prejudicial.... This places an undue burden on smaller organizations. There is a need to assist the small organizations attempting new work in areas not covered by the 'mega' organizations."

There is also a perception within the PVO community that USAID is moving towards larger procurements with a small

*The PVO survey and interview responses pointed to a perception that, increasingly, only larger PVOs are successful in working with USAID.*



group of PVOs, in reaction to a downsized staff and the need to reduce the number of contracts, cooperative agreements, and grants for which it is responsible. The Assessment did not monitor the size of individual awards. However, in order to ascertain whether some PVOs' perceptions were accurate with regard to awards going to a small group of recipients, the Assessment examined data in USAID's Contract Information Management System between FY 1992-1996.

The study team found that, while a high percentage of USAID funding to PVOs is concentrated in a relatively small number of organizations, the group of "top 20" PVO recipients changes from year to year, and the share of overall USAID funding received by the top 20 PVOs is

shrinking over time. Data on the Total Estimated Cost amounts of USAID awards to all registered PVOs, and the proportions awarded to the top 20, top 10 and top five PVO recipients are listed in the table below. Within the five year period, 42 different PVOs ranked at least once in the top 20 recipients of USAID funding to PVOs. Only three of these PVOs ranked in the top 20 for all five years. Five PVOs remained among the top 20 recipients for four years; ten PVOs repeated for three years in this group; 11 for two years; and 13 PVOs were in the top 20 only once during the five year period.

It remains to be seen whether procurement reform and reengineering will continue to provide greater access to USAID

### Share of USAID Funding to All PVOs by Top Recipients

	FY 92	FY93	FY94	FY95	FY96
<b>TEC to all PVOs</b>	\$786,787,518	\$778,868,957	\$1,086,772,209	\$767,619,925	\$685,527,425
<b>\$ to top 20</b>	\$665,063,350	\$645,967,558	\$813,116,196	\$626,651,509	\$476,886,179
<b>% to top 20</b>	85%	83%	75%	82%	70%
<b>\$ to top 10</b>	\$519,850,886	\$491,759,473	\$637,680,398	\$461,540,625	\$350,707,169
<b>% to top 10</b>	66%	63%	59%	60%	51%
<b>\$ to top 5</b>	\$379,023,745	\$347,081,514	\$479,516,721	\$307,556,731	\$228,884,248
<b>% to top 5</b>	48%	45%	44%	40%	33%



and to Agency funds, and how PVOs themselves will contribute to this process. For example, during an in-depth interview, a USAID staffer noted the impact of increased consultation and teamwork on inter-PVO relations, pointing out that some of the Mission's traditional PVO partners were visibly uncomfortable with broader PVO/NGO participation and consultation with the Mission, fearing this would erode the former's "insider" status and access. On the other hand, five large, experienced PVOs collaborated with smaller PVOs in submitting applications for the Office of Private and Voluntary Cooperation's new FY 1997 "Mentoring Partnership Grants" in Child Survival, where PVC has also instituted new, two-year "Entry Grants."

### 3. Sustainability

Recognizing the Agency's budget constraints and the likelihood that USAID funding levels will not significantly increase, representatives of USAID, PVOs and NGOs spoke of the need for more attention to PVO and NGO financial sustainability and increased organizational capacity to diversify and generate funding sources. Some USAID, PVO and NGO staff advocated that planning for sustainability be built into all activities "from the design stage." A number of interview respondents also suggested that

sustainability be included prominently in USAID's definition of capacity building and, therefore, in the technical assistance provided for strengthening PVOs and NGOs. In citing their specific needs in this regard, several local NGOs stated that they "need training in program design, cost recovery and proposal writing."

With regard to capacity building and partnering with indigenous organizations, one PVO pointed out the need for "ways in which USAID can build in financial incentives for NGOs to broaden their resources. At present, there is too much emphasis on start/stop activities. A component for transitional activities should be an integral part of projects. For example, in [this PVO's microenterprise project with a local NGO], USAID is providing a consultant to help develop alternative funding sources to help the organization move to sustainability, rather than simply focusing on project technical implementation." In another country, where capacity building of local NGOs has been a major component of the Mission's strategy for some 15 years, a local NGO interviewee stated, "We must remove the sense of mendicancy from development. It takes time to change this mindset and to build self-confidence. Years of charity are hard to overcome, and donors must demand that NGOs show their desire to be financially independent."

*"We must remove the sense of mendicancy from development. Donors must demand that NGOs show their desire to be financially independent."*